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# THE Agricultural Situation

**MARCH 1951**

**Volume 35      Number 3**

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Editor: Wayne Dexter

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# Outlook Highlights

. . . MARCH 1951

## 1950 Net a Postwar Low

The net income realized by farm operators in 1950 was the lowest of the postwar period, according to preliminary estimates. The total of \$13 billion was down 8 percent from 1949 and 27 percent below the 1947 peak.

Although prices of farm products in general rose steadily during 1950, the volume of products sold down 6 percent and cash receipts from sales of farm products declined one percent. Gross farm income which includes cash receipts, Government payments, home consumption of farm products, and the rental value of the farm dwelling amounted to \$32.1 billion last year, only slightly less than in 1949.

Production expenses of farmers climbed steadily in 1950 and the total of \$19.1 billion was 6 percent higher than in 1949.

## Meat Animal Numbers Up

A gain over a year ago in the number of meat and milk animals on United States farms and declines in the poultry and work animal populations featured BAE's annual inventory of January 1.

The 5 percent increase in the number of cattle and calves brought the total to 84,179,000, only 2 percent less than the 1945 record. The number of hogs was up 7 percent from a year earlier. Stock sheep were up 4 percent from the 1950 all-time low, the first increase since 1941. The number of milk cows, heifers and heifer calves was up almost 2 percent. The goat population increased for the first time since 1945.

On the down side, the number of chickens on farms, excluding commercial broilers, was off 3 percent. Turkeys were off slightly. Horses and mules continued the rapid decline, the former dropping 10 percent and the latter 7 percent. The 1950 colt crop was too small to maintain numbers at 1950 levels.

Combining the various farm animals shows a net increase of 4 percent over

January 1, 1950. However, the total still is 13 percent below the 1944 peak.

## Livestock Worth More

The farm value of livestock and poultry on January 1 reached a new record of \$17½ billion, a fifth higher than the 1949 record. Only horses and mules were valued lower than a year earlier.

Average farm value per head on January 1, with the 1950 value in parentheses, was: Cattle \$160 (\$123), milk cows \$218 (\$177), hogs \$33.20 (\$27.10), stock sheep \$26.40 (\$17.80), horses \$43.40 (\$45.80), mules \$82.00 (\$99.40), chickens \$1.45 (\$1.36), turkeys \$6.39 (\$6.25).

## More Meat in Prospect

More meat in 1951 and later years is a probable outcome of the increase in the January 1 meat animal inventory. Particularly important to the long-run prospects is the fact that numbers of breeding stock, especially young animals, increased more over 1950 than other kinds of livestock.

The number of beef cows gained 10 percent from January 1, 1950 to January 1, 1951, beef heifers and calves were up 9 percent, milk heifers and calves, stock ewe lambs 14 percent, and sows and gilts 4 percent.

## 1950 Exports Down

Farm products exported by the United States in 1950 totaled \$2.9 billion, a fifth less than in 1949 and more than a fourth less than the 1947 record. All of the decline is accounted for by food which made up slightly less than half of total exports in 1950 compared with four-fifths in 1947. The value of exports of nonfood products, mostly cotton and tobacco, has increased steadily in the last 4 years.

## Cotton Consumption Heavy

Our cotton mills continue to consume cotton at a faster rate than last year. During the first 6 months of the current season, mills consumed 5.4 million bales compared with 4.3 million in the same period last season.

(Continued on page 16)

# PARITY

## *Some Questions and Answers*

**P**ARITY has been back in the headlines since the General Ceiling Price Regulation was announced in late January. Under the law, ceilings cannot be set on any farm product at a level that will prevent farmers from getting at least the parity price.

Parity first gained national prominence back in 1933 when the parity formula was written into the first Agricultural Adjustment Act. According to the statement in this law, farmers' prices are at parity whenever they have the same "purchasing power with respect to articles farmers buy" that they had in the base period.

The basic idea behind parity is economic justice. It's a belief that prices farmers receive for their products should be high enough to give them a fair return. However, the actual calculation of "parity prices," "parity ratios," "parity indexes," and so on is complicated. This article does not attempt to explain the detailed operations in computing parity prices. Rather, it is intended to answer some of the questions about which there seems to be the most confusion.

Here are the questions and answers:

**How are parity prices determined?**

At present, two formulas are being used to determine parity. One is the "old" formula, adopted in 1933, and revised a little since then. The other is the "new" formula in the Agricultural Act of 1949. It went into effect at the beginning of 1950.

The use of two formulas is one source of confusion. We now have "old" parity prices, "new" parity prices, and "transitional" parity prices. The parity prices actually used are called "effective" parity prices.

**Why are both formulas being used to figure parity prices?**

The Agricultural Act of 1949 redefined parity in order to correct certain objectionable features in the old formula. The new definition sub-

stantially lowers parity on some commodities while raising it on others. Congress decided that farmers producing crops whose parity prices would be sharply reduced under the "new" formula should have time to make any necessary adjustments. When the act was passed, prices had fallen and seemed likely to drop further.

**How are "effective" parity prices determined?**

Under the law, the parity price for basic commodities (cotton, wheat, corn, rice, peanuts, and tobacco) must be figured out each month under the "old" and the "new" formulas. The higher becomes the "effective" parity.

For nonbasic (all other) commodities, the same thing is done except that five percent for each full calendar year since January 1, 1949, is taken away from the parity price figured under the old formula to get a "transitional" parity. The "transitional" parity is then compared with the "new" parity price to see which is higher; the higher becomes the "effective" parity. Any time the transitional parity drops below the new parity, the new parity is used from then on.

Since 1951 is the second full calendar year since January 1, 1949, the transitional parity this year is the old parity price minus 10 percent. Next year it will be the old parity price minus 15 percent.

**How long will both formulas continue to be used?**

As the law now stands, "effective" parity prices for basic commodities will be figured as they are at present until the end of 1953. After that time, the "new" parity will be the effective parity for all commodities, if it is higher than transitional parity. In 1954, transitional parity will be 75 percent of the old parity. In the meantime, transitional parity prices for those nonbasic commodities concerned will be used until they drop below parity prices under the new formula.



The old parity is now the effective one for wheat, corn, cotton and peanuts. Transitional parity prices are being used for 35 commodities. For other commodities, the new parity price is the effective parity.

How is the new parity formula different from the old?

The main differences are: (1) The new definition takes farm wage rates into account in figuring parity, and (2) a moving "modernized" base period is used for individual commodities in place of the fixed base period used in the old definition. There were other, comparatively minor, changes.

What was the reason for taking wage rates into account in calculating parity?

Congress added farm wage rates to the calculation of parity because they are one of the farm operator's important items of expense. Wage rates have risen more than prices of most other goods and services bought by farmers. The addition of wage rates makes the general average of parity prices for farm products a little higher under the new formula than under the old.

What is the purpose of the moving base period?

The moving base period prices were adopted to bring the relationships among parity prices for individual farm products more nearly up to date. For example, per capita consumption of livestock products has increased over the last three or four decades, while per capita consumption of grains and potatoes has declined. The cost per unit of producing grains and potatoes has been reduced in relation to the cost of producing livestock. Therefore a continuation of the old parity relationships in present and future price programs would tend to result in comparative surpluses of some products and comparative shortages of others. The moving base period is designed to help balance current production with present day demand, as between the different commodities.

How does the moving base period affect parity prices of individual farm products?

The effect varies by commodities. If prices received by farmers for a product since the base period have gone up more than the average for all farm

products, the parity price under the new formula will be higher than the old. If prices for a commodity have risen less than average, the new parity price will be lower.

How does use of the moving base period affect the general level of parity?

The increase in parity prices for some products resulting from use of the moving base period balances the decrease for others. It does not in itself have any effect on the average level of parity for all farm products.

However, temporary use of "old" parity and "transitional" parity for some commodities results in a slightly higher general level of parity prices than would be the case if "new" parity prices were being used exclusively.

Which formula is used in determining the general level of parity?

Only the new formula is used by the Bureau of Agricultural Economics in reporting the average percent of parity received by all farmers for all products taken together.

Why do parity prices change?

Parity prices change because of changes in prices and rates paid by farmers (the parity index). If the index goes up, parity prices go up proportionately. If the index goes down, parity prices also go down. This is true whether parity prices are figured under the old or the new formula.

However, the "new" parity prices and "transitional" parity prices may change each January regardless of whether the parity index changes or not. That's because the new parity formula changes the base period for individual commodities in January each year.

Temporarily, parity prices also may change each January because at that time the "transitional" parity price is reduced another 5 percent below what the parity price would have been under the old definition. That's the main reason that parity prices for some commodities went down in January 1951 even though parity prices for most commodities went up because of the increase in prices and rates paid by farmers.

J. Franklin Thackrey  
*Bureau of Agricultural Economics*

# Farm Use of Petroleum Fuel Climbs 10 Percent a Year×

FARMERS have stepped up their use of petroleum fuels nearly 10 percent a year since 1947 and the 9.8 billion gallons they are estimated to have consumed in 1950 was the largest volume in history.

The great bulk of the petroleum fuel—about 78 percent—was used by tractors, automobiles, motor trucks, and mounted motors. The rest was used in a variety of ways such as heating homes, dehydrating crops, brooding chickens, destroying weeds, and heating water on dairy farms. Use of petroleum fuels in farm households, particularly for heating, has increased rapidly in recent years.

The 9.8 billion gallons of petroleum fuels—gasoline, distillate, kerosene, and liquid petroleum gas—used on farms in 1950 was about 15 percent of total amount consumed in the United States.

Consumption of petroleum fuels in 1950 was about 30 percent greater than in 1947, the first year for which estimates of total farm consumption were made. About four-fifths of the 7,550 million gallons used in 1947 was consumed by motors. The rest was used for other purposes.

## Long-Time Trend

Although estimates of total consumption of petroleum fuels are not available for any year before 1947, the amounts consumed by tractors, automobiles, and motor trucks give a good picture of the long-time trend.

In 1920, United States farmers had 246,000 tractors, 214,000 automobiles, and 139,000 trucks. These machines consumed an estimated 838 million gallons of petroleum fuel.

In 1950, farmers had more than 2.5 times as many autos and 16 times as many trucks and tractors as in 1920. Consumption of petroleum fuels by these vehicles had jumped to 7,275 million gallons.

Not only has the number of vehicles used by farmers increased tremendously, but more petroleum is being

consumed per machine. The farmer of today uses his tractor more than he did a few years ago. It is designed to do more kinds of work and he has more machines and equipment to use with it than formerly. Improved highways and more distant markets add up to more mileage per year for automobiles and motor trucks. The relatively high farm income of recent years also has contributed to increasing the number of miles farmers drive each year.

## Work Animals Decline

Along with the increase in the number of power machines, the horse and mule population has shrunk to the lowest figure in more than a century. On January 1, farmers had only one-third as many work animals as in 1920. The fact that the 1950 colt crop was less than a tenth of the 1920 crop points to further declines.

At best, horses and mules could supply no more than a third of the power needed on farms this year. They actually will supply considerably less than this since the number of hours the animals are worked each year has declined.

Tractors have become the leading consumer of petroleum fuels on farms and probably accounted for about 40 percent of 1950 consumption. Gasoline has increased in importance as tractor fuel and made up about 80 percent of the total used in 1947 compared with only 40 percent in 1930. Distillate accounted for about 6 percent of all tractor fuel in 1947, diesel fuel around 4 percent and miscellaneous petroleum fuels about 7 percent. Kerosene, a major tractor fuel in the early years, accounted for only 3 percent in 1947.

L. P.-gas has been used to some extent as a tractor fuel for some 15 or more years. But in recent years, tractors specially designed for using this fuel have come into the market. Also, some tractors designed for using gasoline are being adapted for using L. P.-gas. In some areas of the country L. P.-gas is now considerably cheaper

than gasoline and its use as tractor fuel may increase substantially in the immediate years ahead.

### Autos Use a Fourth

Farm automobiles were for years the leading outlet for petroleum fuels on farms. Since 1930, numbers of farm automobiles have increased about 50 percent but the quantity of fuel used by them has increased by about 80 percent. Of the total petroleum fuels used on farms in 1950 about a fourth was used by farm automobiles.

More than 10 percent of the petroleum fuels consumed on farms in 1950 was used by farm motor trucks. Since 1940 fuel consumption of motor trucks has increased more than 150 percent and numbers of motor trucks have more than doubled.

Around 350,000,000 gallons of motor fuels are estimated to have been used by stationary and mounted engines in 1950. The rate of increase in the amount of all motor fuel used in recent years has been about the same as for tractors. Numbers of mounted motors are increasing as many machines, especially combines, sprayers, hay balers and forage har-

vesters, use them as a source of auxiliary power. On the other hand, small size stationary gasoline engines are being replaced by electric motors and are declining in use.

Consumption of liquid petroleum fuels in the farm home and for miscellaneous farm uses probably amounted to about 2.2 billion gallons in 1950. Liquid petroleum fuels are used in the farm home principally for heating, cooking, heating water, and to some extent for refrigeration.

### Use More for Heating

Petroleum fuels also are widely used for dehydrating crops, for heating water in barns and milk houses, for brooding chickens, and for destroying weeds. Fuel oil, L. P.-gas, kerosene, gasoline, and distillate are the principal fuels used on the farm for purposes other than as motor fuel. In recent years there has been a pronounced increase in the use of petroleum fuels for heating farm homes. Here fuel oil and L. P.-gas are replacing solid fuels like wood and coal.

Albert P. Brodell

*Bureau of Agricultural Economics*

## Farm consumption of liquid petroleum fuels

Year	Tractors	Auto-mobiles	Motor trucks	Stationary and mounted engines	Total motor fuels	Home and miscellaneous uses	Total
	<i>Million gallons</i>	<i>Million gallons</i>	<i>Million gallons</i>	<i>Million gallons</i>	<i>Million gallons</i>	<i>Million gallons</i>	<i>Million gallons</i>
1920-----	271	514	53	(1)	(1)	(1)	(1)
1930-----	748	1,388	341	(1)	(1)	(1)	(1)
1940-----	1,399	1,538	397	(1)	(1)	(1)	(1)
1947-----	2,980	1,978	853	278	6,089	1,459	7,548
1950-----	3,800	2,450	1,025	350	7,625	2,200	9,825

<sup>1</sup> No estimates available.



# How High Are Farm Prices? <sup>x</sup>

SEVERAL questions about the place of farm prices in the price control picture were answered by Secretary of Agriculture Charles F. Brannan in a statement issued on February 9, 1951.

The purpose of his statement, the Secretary said, was to show where prices of farm commodities really stand in our economy of general prosperity and full employment.

The Secretary pointed out that several recent public statements have created the impression that agricultural commodity prices are unreasonably or disproportionately high in relation to prices of other consumer goods or to wages or to the farmer's costs. Other statements have asserted that food prices are exempt from price control, and that farmers have been given special or privileged treatment in the laws and regulations providing for inflation control. None of these statements, the Secretary declared, are warranted by the facts.

Excerpts from the questions and answers presented in Secretary Brannan's statement are given below.

## Price Rise Is General

### 1. How high are farm prices?

It is true of course, that prices received by farmers for many commodities have risen in recent months and are now high in relation to their own history. But the same is true of most other raw and finished goods. For example, since the Korean outbreak, tin has gone up more than 138 percent, aluminum over 78 percent, lead nearly 50 percent, chemicals about 27 percent, and textiles 32 percent. In the same period, prices received by farmers have advanced 21 percent.

Prices received by farmers have still not reached their previous record level, while farmers' costs have gone on up to new record heights. On the other hand, corporate profits, wages, and average personal incomes are setting new records.

Here are the major facts about farm commodity prices and farm income which should be considered in the present situation:

(A) *Most prices of farm commodities to the producer are below parity—the statutory measure of fair relationship between prices received by farmers and prices paid by farmers. Some are above parity—meats in particular—but these are now under the same type of control that applies to all other prices.*

If all farm commodities now below parity should reach the parity level, consumer food costs would rise less than 5 percent, and this would mean less than a 2 percent rise in the overall cost of living.

## Rise Is Unlikely

It is extremely unlikely that such a rise will occur. Prices of potatoes and oranges represent about a third of that 5 percent difference; those prices have been about 50 percent of parity and there are no current indications of substantial rises. Also, canned fruits and vegetables now in the warehouses and grocery stores are from last year's crop, already sold by the farmer; thus, there is no farm price of those commodities to be increased.

(B) *Food prices have risen less than prices in some other commodity groups in the BLS consumer price index.*

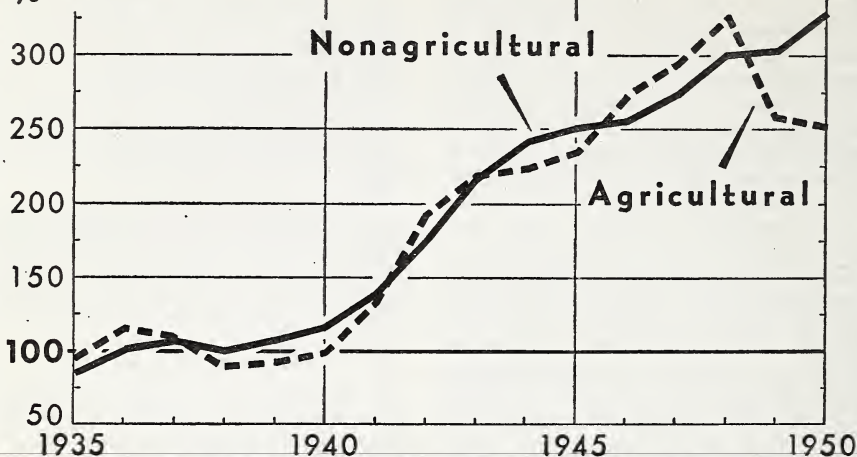
From June to December, food went up 5.3 percent; clothing, 6.2 percent; house furnishings 10.6 percent; fuel, 3.7 percent; miscellaneous products, 4.3 percent; and rent, 1.5 percent. Rents were relatively stable but other items of the index rose approximately the same as food.

(C) *The average of all farm commodity prices is just now overcoming the drop it took in 1948 and 1949. The drop in farm prices averaged 24 percent, while nonfarm prices and wages were either dropping very little or continuing upward.*

As of January 15, prices received by farmers were still 2 percent below the January 1948 peak. While receiving lower prices, farmers had to continue paying high prices, with the result that their net realized income went down 3 years in a row.

# FARM AND NONFARM INCOME

% OF 1935-39



CALCULATED FROM DATA ON TOTAL AND NONAGRICULTURAL PERSONAL INCOME PUBLISHED BY THE DEPARTMENT OF COMMERCE. 1950 DATA PARTLY ESTIMATED.

U. S. DEPARTMENT OF AGRICULTURE

NEG 48003-XX BUREAU OF AGRICULTURAL ECONOMICS

## Net Off Sharply

Net income realized by farm operators dropped from almost \$18 billion in 1947 to about \$16.5 billion in 1948, about \$14 billion in 1949 and about \$13 billion in 1950.

(D) No other major segment of our economy went through such a severe economic setback. In fact, corporate profits after taxes, following a small decline, have gone on up to new records and are now running about 32 percent above the 1947 rate. For 1950 as a whole they were 18 percent above 1947. Wages have gradually risen, and hourly earnings of factory workers in 1950 were 18 percent above the 1947 level.

It is sometimes said that it is unfair to compare recent trends with levels reached in 1947, the all-time high year for agricultural income. Other comparisons can be made. For example, for the last quarter of 1950 as compared with the prewar period 1935-39, food prices had slightly more than doubled, but consumers' disposable income per capita was more than two and one-half times the prewar level. Also in 1950 income from agriculture was running two and one-half times the 1935-39

average, while nonagricultural income was almost three and one-third times and corporate profits more than six times 1935-39.

It should also be remembered that until the early part of the recent war, agriculture had not fully recovered from its long depression of the 1920's and early 1930's. Comparisons based upon depression conditions are completely unfair. Comparisons with post-war benchmarks at least measure how the various segments of the economy have been doing recently.

## Food Takes Less of Income

(E) Food is a better bargain for the average person today than in the pre-war period. Those people whose incomes have kept up with the average can buy with 19 percent of their disposable income the same diet that required 23 percent of their disposable income in 1935-39. It is true, of course, that persons whose incomes have substantially lagged behind the general rise are at a disadvantage—some seriously. They have a real problem which requires the sympathetic attention of the whole public. However,

agricultural commodity prices in general cannot be geared to the needs of the disadvantaged groups as long as other prices are left at high levels. The result would be to drive farmers out of business and disrupt production at the time we most need a strong, highly productive agriculture.

### Some Examples

(F) *Prices of many farm commodities have very little relationship to consumer prices.* Several examples give this picture clearly:

The cotton in a shirt now selling for \$3.50 to \$4 probably did not bring the farmer more than 30 cents.

A 16-cent can of tomatoes represents about 3 cents of gross income to the farmer.

The corn in a can retailing at 19 cents brought less than 2¾ cents to the producer.

Onions which were selling in stores in November for 5.7 cents a pound had been sold by the farmers for a little over 1 cent.

When milk leaves the farm, it immediately goes into a distribution and processing system that almost doubles its price in a few hours.

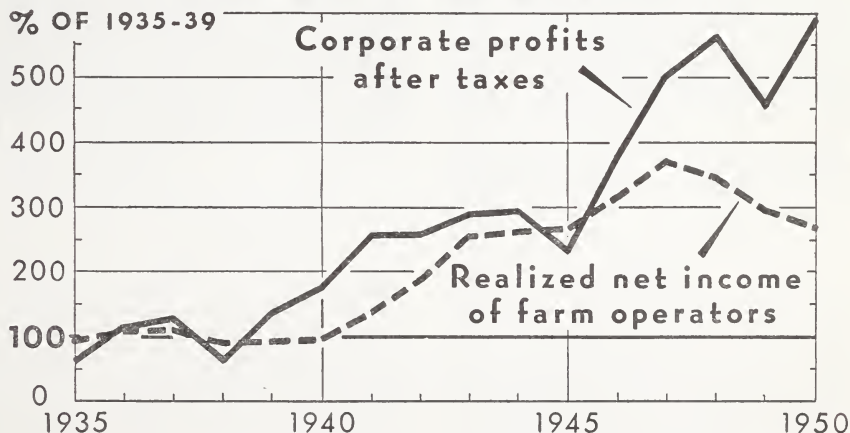
The wheat in a loaf of bread that sells for 15 to 16 cents brings the farmer only about 2½ cents. It is interesting to note that the retail price of bread has gone up 1.7 cents a loaf since June. If this were due entirely to a rise in the price of wheat, it would mean that wheat had gone up \$1.12 a bushel. Actually, the farm price of wheat in January was only 16 cents a bushel higher than it was before the Korean outbreak.

### Farm Share About Half

Although the farmer is getting a larger share of the consumer's food dollar than a year ago (now about 51 percent) this is still considerably smaller than the share received by the farmer in several recent years. In 1945 and 1946 the farmer's share averaged 54 and 53 percent, respectively. From January of 1943 through September 1948, the farmer's share did not go below 50 percent in any month.

(G) *Causes of price rises in agricultural commodities are somewhat different from the causes of price rises in nonfarm commodities generally.* Prices of many manufactured items tend to rise because market supplies

## FARMERS' INCOME AND CORPORATE PROFITS



FARMERS' INCOME IS REALIZED NET INCOME OF FARM OPERATORS. CORPORATE PROFITS AFTER TAXES AS REPORTED BY DEPARTMENT OF COMMERCE. 1950 DATA ARE PRELIMINARY.



are being lowered in order to permit increased production of military goods. Most agricultural commodities, on the other hand, are available in record and near-record amounts, but demand is increasing as consumer incomes increase.

These considerations emphasize the

## ✕ Liquor Industry Takes Large Amounts of Some Products ✕

**D**ISTILLERS, brewers, and vintners of alcoholic beverages provide a sizeable market for some farm products. In recent years, from 28 to 33 percent of the barley, 22 to 26 percent of the rye, 8 to 12 percent of the rice, 1 to 2 percent of the corn, and 35 to 55 percent of the grapes produced in this country were used in making alcoholic beverages. Considerable quantities of grapes, barley, and rye are grown specifically for this purpose.

Much of the barley used for alcoholic beverages is first malted. The variety used is a six-row barley, such as Oderbrucker, and only the highest quality is suitable. Brewers like a plump grain of high starch content while distillers prefer a grain of high enzyme value (enzymes convert starch into sugars).

Except for barley, more corn is used in making alcoholic beverages than any other grain. Corn is popular with distillers because it is plentiful and contains a high proportion of starch which is converted into alcohol. Dent corn, the most common type grown, is used.

Many types of rye are suitable for distilling. However, distillers usually

importance of abundant production in the job of keeping prices of agricultural commodities at reasonable levels. On the other hand, it should not be taken for granted that agricultural production can be increased enough to meet all of the rising demands.

prefer the varieties with the largest kernels, such as Rosen, which also have a relatively high starch content. Malted rye is sometimes used in making whiskey because it adds a special flavor to the product.

Considerable quantities of rice are used in making beer and ale. Brewers' rice and broken rice are most commonly used. Very little wheat is used in manufacturing alcoholic beverages, mainly because it is priced relatively higher than other grains.

A great many varieties of grapes are used for wine making. In the eastern part of the United States, American varieties are used almost exclusively while in the wine grape areas of California, European varieties are by far the most important.

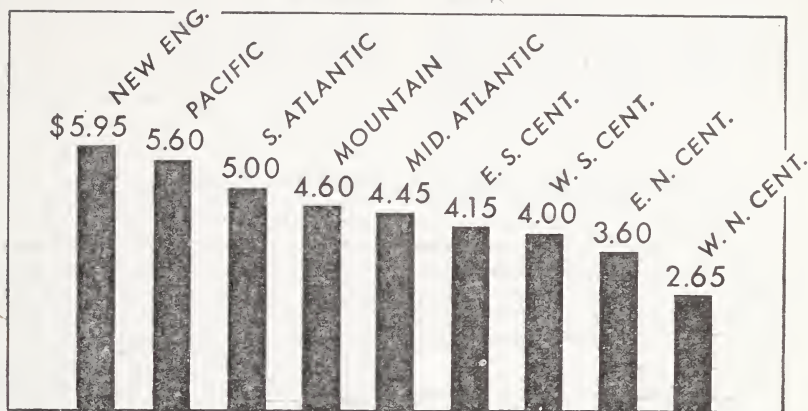
Much of the byproducts of distilling and brewing go back to the farm. The most important of these products are distillers' and brewers' dried grains which are used as feed concentrates by livestock and poultry men. Since the war ended, an average of 593,000 tons of these grains a year have been available for feed.

Richard D. Butler  
*Bureau of Agricultural Economics*



# THE MONTHLY FARM TELEPHONE BILL

By Regions\*



\* AVERAGES FOR JULY 1949

U. S. DEPARTMENT OF AGRICULTURE

NEG 48010-XX BUREAU OF AGRICULTURAL ECONOMICS

## Few Private Phones on Farms

THE MANY-PARTY line is still the main feature of telephone service received by United States farmers.

A survey made by the Bureau of Agricultural Economics reveals that only 4 out of 10 farm homes had telephone service in July 1949. Of those with telephones, more than half were on lines with eight or more parties. Only five percent had private lines.

About 45 percent of the telephones in farm homes were served by companies in the Bell System, according to the survey which covered a representative sample of the Nation's farmers. Cooperative and mutual companies accounted for 20 percent of the farms served. Service for the remaining 35 percent of farm telephones was provided by independent commercial companies who were not a part of the Bell System and were not cooperatives or mutuals.

The largest percentage of farmers served by cooperative or mutual systems was in the West North Central

and South Atlantic States. In New England, 85 percent of farm subscribers were served directly by companies in the Bell System compared with only 30 percent in the West North Central Region. The highest percentage of farm telephones served by independent commercial companies was in the East North Central States.

Seventy percent of the farm telephones served by cooperative and mutual type companies and 60 percent of those served by independent commercial companies were on lines with eight or more parties. This was the case for only 45 percent of the farm telephones served by the Bell System.

The average July 1949 telephone bill for all farm subscribers in the United States was estimated at \$3.80. Sixty-six percent of this, or \$2.50, was for local service. The remaining \$1.30 was for long-distance service.

Since many farm subscribers did not use long-distance service, the estimated average long-distance bill for those

using this service amounted to \$2. The New England and Middle Atlantic regions had the highest percentage of farm telephone subscribers using long-distance service. The next highest proportion was in the Pacific Coast area.

The highest regional average telephone bill for local and long-distance service combined was \$5.95 for New England. Lowest was \$2.65 in the West North Central region. The United States average bill for telephones

served by companies of the Bell System and other commercial companies was \$4.15. Of this, \$2.65 was for local service. The United States average bill for telephones on lines of cooperatives and mutuals was \$2.40 of which \$1.70 was for local service. Part of the difference in cost reflects a difference in type of service provided by the two types of companies.

H. N. Hadley

*Bureau of Agricultural Economics*

## ✕ Fall Pig Crop Growing in Importance ✕

**F**OR MANY years, more pigs have been produced in the spring farrowing season than in the fall. But over the last quarter century of records, the proportion produced in the fall has increased.

The trend toward more fall pigs has been gradual. In 1950, the fall crop made up 40 percent of the year's total, compared with 32 percent in 1924. The trend was more pronounced in the Corn Belt than in other regions. The North Atlantic region is the only one in which the fall crop has not become more important.

Behind the trend is a shift from a one-crop to a two-crop system of farrowing in most sections of the country. This has enabled many farmers to produce more hogs from their investment in the hog business. Also contributing to the uptrend in percentage of fall pigs is the fact that the Northern Plains—North and South Dakota, Nebraska, and Kansas—now produce a

smaller share of the Nation's pigs. In 1926-30, this area accounted for 18.6 percent of all pigs raised in the United States, but by 1946-50 it produced only 9.7 percent. The proportion of pigs born in the spring is higher in the Northern Plains than in any other area of the country.

The fall pig crop has grown in importance in all States of the Central and Eastern Corn Belt. In Ohio, Indiana, and Missouri, the fall crops are now almost as large as the spring crops. In Iowa, the bulk of the pigs still are produced in the spring, even though fall production is relatively larger now than formerly.

The biggest part of the spring crop is farrowed in February, March, and April, and the season extends from December through May. Heaviest production of the fall season—June through November—is in August and September.

Earl E. Miller

*Bureau of Agricultural Economics*

## Don't Cut Alfalfa Too Early

*Farmers sometimes cut their alfalfa early to get a more highly concentrated feed than they would get by cutting later. The protein content of alfalfa in the prebloom stage is high and gradually diminishes as the plants mature.*

*Investigations made by USDA and the Mississippi Agricultural Experiment Stations indicate that early cutting is not a profitable practice. Cutting in the prebloom stage resulted in quickly thinning down the stand and in lowering the yield of protein per acre. Repeated early cutting, it was found, makes it difficult to maintain a productive stand of alfalfa for more than 2 or 3 years.*

*Best time to cut, the investigators report, is in the early flower bud stage, or when 10 to 15 percent of the plants are in flower. Stands are likely to keep up longest when the plants are in the one-fourth bloom stage.*

# Big Gain in Lockers, Freezers

USE OF frozen food lockers and home freezers by farmers in the North Central States has increased tremendously in recent years, according to a recent study by the North Central Livestock Marketing Research Committee and BAE. Although the lockers and freezers are used mainly for meat storage, their use has not significantly affected the flow of livestock through normal trade channels.

The number of frozen food locker plants in the United States increased from 200 in 1935 to about 11,000 by the spring of 1948. The study, which was partly financed under the Research and Marketing Act, reveals that a little more than half of the latter figure were in the 12 North Central States. Plants in this area provided 2½ million lockers plus additional bulk storage space in many cases.

Farmers are the best customers of locker plants. Of the lockers surveyed, farmers rented nearly two-thirds and city people the rest.

Locker plants in the North Central States usually are small, independently owned businesses located in rural trading centers. They are available to a large proportion of rural people living in the 12 States. Forty percent are operated jointly with other businesses, usually a meat market or grocery store.

## Meat Biggest Item

Meat and meat products account for about 90 percent of all perishable foods stored in locker plants with fruit, vegetables, poultry and fish making up the other tenth. Besides storage, locker plants offer other services, most important of which are processing and slaughtering.

Processing services including chilling, cutting, wrapping, freezing, curing, smoking, or grinding meat, and making sausage and rendering lard. Other processing services included wrapping and freezing fish and other sea foods, and preparing, blanching, wrapping and freezing fruits and vegetables. Many plants process food products they do not store.

Nearly two-thirds of the livestock slaughtered in locker plants in 1947 were hogs and one-third cattle and calves. Slaughter was heaviest in late fall and winter.

Locker plants are primarily food banks and have not made important inroads on the commercial slaughter, processing, wholesaling and retailing of meat. Meat obtained from slaughter at locker plants for storage in frozen lockers is estimated to be equivalent to about 6 percent of all meat produced by commercial slaughter. In the absence of locker plants, however, most of this meat would not have been produced commercially but would have been obtained from farm slaughter for home use by farmers.

## Home Freezers

The use of home freezers has expanded rapidly along with the growth of the locker industry, particularly since World War II ended.

Since most home freezers have been in use a relatively short time, it is difficult to determine their effect on the locker plant industry. Locker plants provide convenient slaughtering and processing services and additional storage for home freezer users. Although some locker plants had a decline in the number of lockers rented as the number of home freezers expanded, their volume of processing has not been greatly reduced. In some plants, processing for home freezer owners has more than offset the loss from former renters.

The increase in the number of new locker plants in the North Central States in the next few years is not likely to be as rapid as in the last decade. A "saturation" point apparently has been reached in some areas. Most of the expansion in the near future is likely to result from additions to existing plants, tying in locker plant facilities with other businesses and the erection of plants in areas that have not been served, or that have been served by plants at considerable distances.



# Prices of Farm Products

Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State]

Commodity	5-year average		Feb. 15, 1950	Jan. 15, 1951	Feb. 15, 1951	Effective parity prices Feb. 15, 1951 <sup>2</sup>
	Base period price 1910-14 <sup>1</sup>	January 1935- Decem- ber 1939				
Basic commodities:						
Cotton (pound).....cents.	\$ 12.4	10.34	27.50	41.31	41.75	33.11
Wheat (bushel).....dollars.	\$ .884	.837	1.93	2.09	2.21	2.36
Rice (cwt.).....do.	1.98	1.65	4.46	5.55	5.83	5.44
Corn (bushel).....do.	\$ .642	.691	1.16	1.54	1.60	1.71
Peanuts (pound).....cents.	\$ 4.8	3.55	10.6	10.9	10.9	12.8
Designated nonbasic commodities:						
Potatoes (bushel).....dollars.	\$ 1.12	.717	4.1.32	.986	1.03	\$ 1.76
Butterfat (pound).....cents.	27.7	29.1	63.1	70.2	70.3	75.1
Milk, wholesale (100 lb.).....dollars.	1.73	1.81	3.98	4.66	4.63	4.69
Wool (pound).....cents.	20.1	23.8	48.7	98.0	109.0	55.2
Other nonbasic commodities:						
Barley (bushel).....dollars.	\$ .619	.533	1.09	1.27	1.33	\$ 1.48
Cottonseed (ton).....do.	26.30	27.52	43.60	101.00	100.00	72.00
Flaxseed (bushel).....do.	1.71	1.69	3.59	4.25	4.49	4.61
Oats (bushel).....do.	\$ .399	.340	.706	.882	.919	\$ .963
Rye (bushel).....do.	\$ .720	.554	1.19	1.48	1.58	\$ 1.73
Sorghum, grain (100 lb.).....do.	\$ 1.21	1.17	1.88	2.10	2.18	\$ 2.91
Soybeans (bushel).....do.	1.00	.954	2.12	2.90	3.08	2.76
Sweetpotatoes (bushel).....do.	.921	.807	2.24	1.94	2.05	2.51
Beef cattle (100 lb.).....do.	6.78	6.56	20.40	27.00	29.00	19.40
Chickens (pound).....cents.	11.4	14.9	21.8	24.3	26.9	30.6
Eggs (dozen).....do.	\$ 21.5	21.7	29.6	42.6	41.4	\$ 51.7
Hogs (100 lb.).....dollars.	7.52	8.33	16.60	20.00	22.00	20.90
Lambs (100 lb.).....do.	7.48	7.79	22.80	30.00	33.30	21.30
Veal calves (100 lb.).....do.	7.62	7.80	24.60	30.80	33.30	21.80
Oranges, on tree (box).....do.	\$ 2.29	1.11	2.54	1.26	1.89	\$ 3.61
Apples (bushel).....do.	1.04	.90	1.78	2.17	2.07	2.82
Hay, baled (ton).....do.	8.71	11.20	21.50	22.60	23.20	23.70

<sup>1</sup> Adjusted base period prices 1910-14, based on 120-month average January 1940-December 1949 unless otherwise noted.

<sup>2</sup> Parity prices are computed under the provisions of title III, subtitle A, section 301 (a) of the Agricultural Adjustment Act of 1938 as amended by the Agricultural Acts of 1948 and 1949.

<sup>3</sup> 60-month average, August 1909-July 1914.

<sup>4</sup> Revised.

<sup>5</sup> 10-season average 1919-28.

<sup>6</sup> Transitional parity, 90 percent of parity price computed under formula in use prior to Jan. 1, 1950.

<sup>7</sup> Preliminary.

## Farm Share of Orange Dollar Declines

GROWERS of Valencia oranges in Florida in the four years 1945 through 1948 absorbed the entire decrease that occurred in retail prices of their fruit and also the increase that took place in marketing charges, according to results of a study made by the Bureau of Agricultural Economics. The study indicates what can happen to the farmer's cash returns during a period when prices for what he has to sell drop and marketing costs stay up or increase.

During the 1949-50 season, however, the citrus price situation improved. Big increases in the use of frozen concentrates together with somewhat smaller crops, because of freeze damage in other producing areas, brought more favorable returns to

Florida citrus growers.

Florida Valencia growers received about 17 cents of the consumer's dollar spent for oranges in eight major consuming markets from March through May 1948. This was considerably less than half of the 43 cents they received in 1946. Total marketing charges increased from 57 cents of the consumer's dollar in 1946 to 83 cents in 1948. The increase in the share going for marketing was due to the fact that retail prices for Valencias declined by 13 percent while marketing charges actually increased.

From 1940 to 1948, costs of picking and assembling the fruit, which is the first step in the marketing process, increased 42 percent, according to the report.



# Economic Trends Affecting Agriculture

Year and month	Industrial production (1935-39=100) <sup>1</sup>	Total income of industrial workers (1935-39=100) <sup>2</sup>	Average earnings of factory workers per worker (1910-14=100)	Wholesale prices of all commodities (1910-14=100) <sup>3</sup>	Index numbers of prices paid by farmers (1910-14=100)			Index numbers of prices received by farmers (1910-14=100)			
					Com-modities	Wage rates for hired farm labor <sup>4</sup>	Com-modities, interest, taxes, and wage rates	Livestock and products			
								Dairy products	Poultry and eggs	Meat animals	All live-stock
1910-14 average.....	58	50	100	100	100	100	100	100	100	100	100
1915-19 average.....	72	90	152	158	149	147	148	147	153	162	157
1920-24 average.....	75	122	221	160	159	181	168	159	163	121	140
1925-29 average.....	98	129	232	143	151	184	161	161	155	145	152
1930-34 average.....	74	78	179	107	117	121	124	105	94	83	91
1935-39 average.....	100	100	199	118	124	121	125	119	108	117	115
1940-44 average.....	192	236	315	139	148	211	152	169	145	166	162
1945 average.....	203	291	389	154	179	359	189	230	194	207	210
1946 average.....	170	276	382	177	197	387	207	267	197	248	241
1947 average.....	187	328	436	222	230	419	239	272	219	329	287
1948 average.....	192	354	472	241	250	442	259	300	235	361	314
1949 average.....	176	325	478	226	240	430	250	251	219	311	272
1950 average.....	<sup>5</sup> 200	367	521	236	246	425	255	247	181	340	278
<i>1950</i>											
February.....	180	316	491	223	237	-----	<sup>6</sup> 248	250	155	306	257
March.....	187	337	493	223	239	-----	250	243	165	308	258
April.....	190	340	496	223	240	424	251	235	161	312	256
May.....	195	349	502	228	244	-----	254	230	154	342	269
June.....	199	362	513	230	245	-----	255	227	156	342	268
July.....	196	366	516	238	247	425	256	232	173	371	287
August.....	209	392	526	243	248	-----	258	240	191	369	292
September.....	211	<sup>6</sup> 396	529	247	252	-----	<sup>6</sup> 261	248	196	372	298
October.....	<sup>6</sup> 216	<sup>6</sup> 405	540	247	253	428	261	261	201	358	296
November.....	<sup>6</sup> 214	406	<sup>6</sup> 544	251	255	-----	263	267	209	357	299
December.....	<sup>6</sup> 217	415	559	256	257	-----	265	272	249	360	311
<i>1951</i>											
January.....	-----	-----	-----	<sup>5</sup> 263	262	450	272	286	203	391	323
February.....	-----	-----	-----	-----	267	-----	276	285	205	425	340

Year and month	Index numbers of prices received by farmers (1910-14=100)								All crops and live-stock	Parity ratio <sup>7</sup>
	Crops									
	Food grains	Feed grains and hay	To-bacco	Cotton	Oil-bearing crops	Fruit	Truck crops	All crops		
1910-14 average.....	100	100	100	100	100	100	-----	100	100	100
1915-19 average.....	193	161	183	175	201	126		171	164	111
1920-24 average.....	147	125	189	197	155	157	<sup>8</sup> 152	162	150	89
1925-29 average.....	141	118	169	150	135	146	145	143	148	92
1930-34 average.....	70	76	117	77	78	98	104	84	88	71
1935-39 average.....	94	95	172	87	113	95	95	99	107	86
1940-44 average.....	123	119	241	138	170	150	164	145	154	101
1945 average.....	172	161	360	178	228	244	207	203	206	109
1946 average.....	201	196	376	237	260	250	182	227	234	113
1947 average.....	270	249	374	272	363	212	226	263	275	115
1948 average.....	250	250	380	270	351	174	214	252	285	110
1949 average.....	219	170	398	245	242	199	201	223	249	100
1950 average.....	224	187	402	280	276	200	185	232	256	100
<i>1950</i>										
February.....	219	171	389	231	228	186	203	215	237	96
March.....	224	174	389	236	230	193	168	215	237	95
April.....	227	181	389	242	239	206	205	225	241	96
May.....	230	190	387	246	248	195	178	223	247	97
June.....	218	190	388	251	254	207	182	225	247	97
July.....	226	195	387	278	267	211	200	236	263	103
August.....	224	193	399	311	293	200	164	239	267	103
September.....	221	194	428	336	303	217	126	243	272	105
October.....	219	188	426	327	300	207	138	238	268	103
November.....	224	192	428	346	351	194	188	250	276	105
December.....	233	202	436	339	366	202	211	258	286	108
<i>1951</i>										
January.....	240	214	442	347	374	192	324	275	300	110
February.....	254	222	440	351	379	204	333	283	313	113

<sup>1</sup> Federal Reserve Board: represents output of mining and manufacturing; monthly data adjusted for seasonal variation.

<sup>2</sup> Computed from data furnished by Bureau of Labor Statistics and Interstate Commerce Commission on pay rolls in mining, manufacturing, and transportation; monthly data adjusted for seasonal variation. Revised January 1950. <sup>3</sup> Bureau of Labor Statistics.

<sup>4</sup> Farm wage rates simple averages of quarterly data, seasonally adjusted.

<sup>5</sup> Preliminary. <sup>6</sup> Revised.

<sup>7</sup> Ratio of index of prices received to index of prices paid, interest, taxes, and wage rates. This parity ratio will not necessarily be identical to a weighted average percent of parity for all farm products, largely because parity prices for some products are on a transitional basis. <sup>8</sup> 1924 only.

# Outlook Highlights

(Continued from page 2)

Planting guides announced by the Secretary of Agriculture call for 28,-400,000 acres of upland cotton and 135,000 acres of American-Egyptian. Acreages last year were 18,551,000 and 103,500. Because of the rise in parity, the loan rate on 1951 upland cotton is expected to average above 30 cents a pound.

## Stable Milk Prices Likely

Milk and butterfat prices received by farmers are likely to remain fairly stable the next few months, even though milk production will be increasing seasonally. But in the second half of 1951, upward price pressure will increase as milk production declines seasonally and consumer demand strengthens with the expected rise in income.

## Dairy Ration More Costly

Several factors are working against any possibilities of increased milk production. One of them is the rise in cost of dairy ration. Even though milk and butterfat prices have increased substantially, the milk-feed price ratio was about average in January while the butterfat-feed price ratio was below average. Another is the fact that prices of milk and butterfat are very low in relation to prices of beef cattle and hogs.

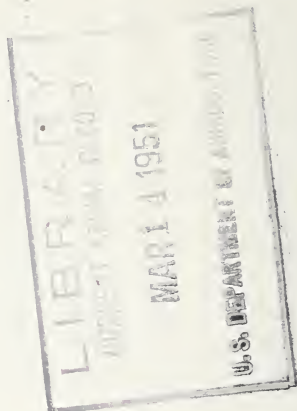
In recent months, milk production has been running a little below the 1950 rate.

## Eggs Down Seasonally

Egg prices have gone down seasonally since December but remain well above a year earlier. Whether the full seasonal decline has been completed will depend largely on the amount of eggs used for storage and processing.

In February, prospects indicated that more eggs will move into storage this spring than last year. This along with other factors in the market is likely to keep egg prices higher than last spring.

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